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**ANNUAL AUDITED REPORT  
FORM X-17A-5**

FEB 28 2017

PART III

Washington DC  
416

SEC FILE NUMBER
8-26090

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/16 AND ENDING 12/31/16  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Meridien Financial Group, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

10 Dorrance Street, Suite #524

(No. and Street)

Providence

(City)

RI

(State)

02903

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Michael L. Balasco(401) 272-4700

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Dave Banerjee, CPA, An Accountancy Corp

(Name - if individual, state last, first, middle name)

21860 Burbank Blvd., Suite 150 Woodland Hills

(Address)

CA

(State)

91367

(Zip Code)

**CHECK ONE:**



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

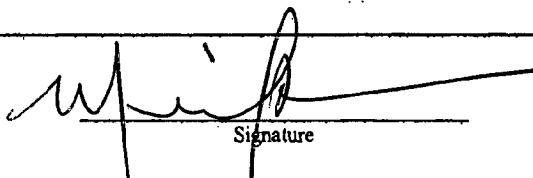
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L.C.

# OATH OR AFFIRMATION

I, Michael Balasco, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statements and supporting schedules pertaining to the firm of Meridien Financial Group, Inc., as of December 31, 2016, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer, or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
Signature

Subscribed and sworn  
to before me

this 23 day of February

2017

\_\_\_\_\_  
President  
Title

  
Notary Public

Michelle M. Noon  
Notary Public  
State of Rhode Island  
My Commission Expires 4/7/2019

This report\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Cash Flows
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of General Creditors.
- ☐ (g) Computation of net capital for brokers and dealers pursuant to Rule 15c3-1.
- ☐ (h) Computation for determination of reserve requirements pursuant to Rule 15c3-3.
- ☐ (i) Information relating to the possession or control requirements for brokers and dealers under Rule 15c3-3.
- ☐ (j) A reconciliation, including appropriate explanation, of the computation of net capital under Rule 15c3-1 and the computation for determination of the reserve requirements under exhibit A of Rule 15c3-3.
- ☐ (k) A reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An oath or affirmation.
- ☐ (m) A copy of the Securities Investor Protection Corporation (SIPC) supplemental report.
- ☐ (n) Exemption Report

\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

MERIDIEN FINANCIAL GROUP, INC.  
 STATEMENTS OF FINANCIAL CONDITION  
 December 31, 2016 and 2015

ASSETS	2016	Prior Auditor 2015
Cash	\$ 115,569	\$ 131,765
Commissions receivable	109,304	21,072
Prepaid expenses	1,389	789
Property and equipment, at cost, less accumulated depreciation 2016 \$107,611; 2015 \$95,524	9,401	22,254
Deferred tax asset	28,800	30,500
TOTAL	<u>\$ 264,463</u>	<u>\$ 206,380</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable	\$ 16,884	\$ 38,550
Commissions payable	119,337	70,385
Income taxes payable	475	800
Total Liabilities	<u>136,696</u>	<u>109,735</u>
STOCKHOLDERS' EQUITY		
Common stock, no par value, authorized 400 shares; issued 374 shares	20,125	20,125
Additional paid-in capital	173,000	137,000
Deficit	(65,358)	(60,480)
Total Stockholders' Equity	<u>127,767</u>	<u>96,645</u>
TOTAL	<u>\$ 264,463</u>	<u>\$ 206,380</u>

See Notes to Financial Statements

MERIDIEN FINANCIAL GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business: Meridien Financial Group, Inc. (the Company) was formed as a "C" Corporation on March 24, 1981 in Rhode Island as Lauderdale Investment Company. It was approved as a broker/dealer by the Securities and Exchange Commission on May 15, 1981, pending acceptance of membership by a Self-Regulatory Organization. On October 5, 1981, it was approved for membership by the National Association of Securities Dealers (now known as the Financial Industry Regulatory Authority "FINRA") to conduct operations as an approved broker dealer. On January 19, 2001, the Company changed its name to Meridien Financial Group, Inc.

During this period, the Company conducted business as a limited disclosure broker dealer, and on January 5, 1999, the Company executed a membership agreement with FINRA under which the Company is approved to conduct business under SEC Rule 240.15c3-3(k)(1).

In 2016, the Company earned revenue from the sale of variable products and shares in registered investment companies. The Company estimates that approximately 65% of its revenues are earned in the State of Rhode Island and the balance in the State of Massachusetts.

A Summary of the Company's significant accounting policies follows:

Commissions receivable: The Company carries its receivables at cost. On a periodic basis, management evaluates its commissions receivable and establishes an allowance for doubtful accounts, based on a history of past write offs and collections and current credit conditions. The Company has deemed an allowance for such loss is unnecessary, since historically these losses have been minimal and immaterial.

Income recognition: Commission revenue is earned from the sale of mutual funds, variable life insurance, and variable annuities to customers via application-way basis. Commission revenue and related expenses are recorded on the date of the transaction.

Property and equipment: Property and equipment are stated at cost. Depreciation is computed using straight-line methods for financial reporting purposes and is based on estimates of useful lives, ranging from 3 to 10 years.

Use of estimates: The preparation of financial statements in conformity with United States generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates by management consist of depreciation and deferred taxes. Actual results could differ from those estimates.

Deferred taxes: Deferred taxes for the Company are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences, operating loss carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets relate primarily to depreciation and operating loss carryforwards. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

MERIDIEN FINANCIAL GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes: The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax liabilities or assets between years.

The Company recognizes and measures its unrecognized tax benefits in accordance with U.S. GAAP. Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

Management has determined there are no uncertain income tax positions. The open tax years are 2013-2016.

Note 2. CASH

The Company maintains its cash accounts in one commercial bank. At times, the amount in the accounts may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Note 3. RELATED PARTY TRANSACTIONS

The Company rents space from a company affiliated through common ownership on a month-to-month basis. In addition, the Company is charged monthly for administrative services provided by the affiliate.

Amounts charged to expense as a result of transactions with the related party during the years ended December 31, 2016 and 2015 consisted of the following:

	2016	2015
Administrative services	\$ 290,350	\$ 281,000
Rent	54,000	54,000
Postage	9,600	9,600
Lease expense	5,400	5,400
	<u>\$ 359,350</u>	<u>\$ 350,000</u>

In addition, the Company paid commissions of \$459,266 and \$716,822 to the shareholders of the Company, as Registered Representatives during 2016 and 2015, respectively. Commissions payable included \$12,872 and \$1,805 to the shareholders of the Company at December 31, 2016 and 2015, respectively.

MERIDIEN FINANCIAL GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

Note 4. INCOME TAXES (BENEFIT)

The components of the income tax provision for the years ended December 31, 2016 and 2015 are as follows:

		Prior Auditor
	2016	2015
Current		
State	\$ 475	\$ 800
Deferred		
Federal	1,165	(7,450)
State	535	(1,550)
	1,700	(9,000)
	\$ 2,175	\$ (8,200)

Note 5. DEFERRED INCOME TAXES

The net deferred tax amounts included in the accompanying balance sheets include the following amounts of deferred tax assets at December 31, 2016 and 2015:

		Prior Auditor
	2016	2015
Deferred tax assets		
Federal	\$ 19,635	\$ 20,800
State	9,165	9,700
	\$ 28,800	\$ 30,500

Unused net operating losses available to the Company as a reduction of future taxable income and tax liabilities are approximately \$141,000 at December 31, 2016. These unused net operating losses are available through 2036.

Note 6. COMMITMENTS AND CONTINGENCIES

The Company has agreements with three separate IT providers, under renewable arrangements, that extend thru July, 2017, and January and October, 2019.

Total minimum contractual commitments under those agreements are as follows:

Year Ending December 31:	
2017	\$38,841
2018	\$38,892
2019	\$ 5,001
Total	<u>\$82,734</u>

MERIDIEN FINANCIAL GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

Note 7. NET CAPITAL REQUIREMENTS

Pursuant to the net capital provision of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital of \$5,000 or 6 2/3% of total aggregate indebtedness, whichever is greater. In addition, the Company's ratio of aggregate indebtedness to net capital cannot exceed 15 to 1. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2016, the Company had net capital of \$77,136, which was \$68,023 in excess of its required net capital of \$9,113. At December 31, 2015, the Company had net capital of \$38,628, which was \$31,312 in excess of its required net capital of \$7,316. At December 31, 2016 and 2015, the Company's ratio of aggregate indebtedness to net capital was 1.77 to 1 and 2.84 to 1, respectively.

Note 8. STATEMENT PURSUANT TO PARAGRAPH (d) OF RULE 17a-5

There are no material differences between the computation of net capital and the corresponding computation prepared by and included in the Company's unaudited Part IIA Focus Report filings as of December 31, 2016 and 2015.

Note 9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 23, 2017, the date the financial statements were available to be issued and determined that there have been no events that have occurred that would require adjustments to the financial statements.

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MERIDIEN FINANCIAL GROUP, INC.

FINANCIAL STATEMENTS

December 31, 2016 and 2015

This report is deemed **PUBLIC** in accordance with Rule 17a-5(e)(3) under the Securities Exchange Act of 1934. A statement of financial condition bound separately has been filed with the Securities & Exchange Commission simultaneously herewith as a **CONFIDENTIAL** document.





## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders  
Meridien Financial Group, Inc.

We have audited the accompanying statement of financial condition of Meridien Financial Group, Inc. as of December 31, 2016. This financial statement is the responsibility of Meridien Financial Group, Inc.'s management. Our responsibility is to express an opinion on the financial statement based on our audit.

The financial statements of the Company as of December 31, 2015, were audited by other auditor, whose report dated February 5, 2016 expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above present fairly, in all material respects, the financial position of Meridien Financial Group, Inc. as of December 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

Dave Banerjee CPA, An Accountancy Corp.  
Woodland Hills, California  
February 23, 2017

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